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COORDINATION QUESTIONS

United Nations system cooperation with multilateral financial institutions

Note by the Secretary-General

Addendum

Comments of the Administrative Committee on Coordination

The Secretary-General has the honour to transmit to the Economic and Social Council the comments of the Administrative Committee on Coordination on the report of the Joint Inspection Unit entitled "United Nations system cooperation with multilateral financial institutions" (JIU/REP/92/1 (parts I and II)).

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I. INTRODUCTION

1. The purpose of the Joint Inspection Unit report entitled "United Nations system cooperation with multilateral financial institutions" had been to study technical and other operational cooperation between organizations and agencies of the United Nations system on the one hand, and multilateral financial institutions on the other.

2. The Inspectors had come to the conclusion that there had not really been much cooperation between system agencies and multilateral financial institutions as yet, and found no instance of effective cooperation and coordination (a) occurring spontaneously for its own sake, (b) resulting from admonitory resolutions of the competent international bodies, (c) proceeding from high-level executive accords or (d) resulting from regularly scheduled meetings of headquarters representatives. At the same time, the Inspectors had stressed the fact that the situation was beginning to change and that there was considerable potential for future joint activities.

3. The Inspectors had recommended that wherever United Nations system organizations desired to enhance cooperative relationships with multilateral financial institutions, their executive heads and governing bodies responsible for operational activities for development should make a meaningful commitment to increase the competitiveness of their programmes, in particular, through adequate allocation of resources, explicit priority given to deploying personnel to participate in cooperative programmes, a planning effort to identify ways to improve performance and a review and evaluation process for measuring results.

4. The Inspectors had also recommended that the executive heads and governing bodies of agencies that decided to follow the above-mentioned competitive path should sustain that process by including as many of the following topics as possible in their periodic deliberations on technical cooperation activities, with concentration on results achieved, lessons learned, changing circumstances, emerging trends, and proposals for future strategies and initiatives:

(a) Significant cooperative actions, programmes, or funding or liaison arrangements with multilateral financial or other development institutions;

(b) Organizational review to consider operational improvements such as new efficiency measures, streamlined support services, or special task force structures;

(c) Significantly improved or new developmental strategies, services, or programmes under way;

(d) New techniques or technologies being successfully applied to enhance development;

(e) Possibilities for better employing the advocacy, normative, standard-setting, advisory, analytical and/or research roles of the organization to strengthen its operational activities, with support from other parts of the organization;

(f) Tightening of the focus of the overall programme by identifying and further developing successful services and activities, while eliminating obsolete, irrelevant or unsuccessful ones.

II. GENERAL COMMENTS

5. The members of the Administrative Committee on Coordination (ACC) welcomed in general the topic of the report. Some organizations found the report to be a timely study, constructive and realistic in its assessment of both cooperation and coordination in the area under consideration. In their view, the report had provided useful background information as well as an interesting analysis of the cooperation arrangements existing between United Nations system organizations and multilateral financial institutions, and suggested possibilities for enhancement. Several ACC members agreed with the thrust of the report and with the basic tenet underlying the Inspectors' investigation, namely, that cooperation should arise out of mutual advantages perceived by each institution rather than for formalistic reasons. They noted that the report had made a very useful contribution by distilling the information gathered by the Inspectors into insights about the essential characteristics of cooperative arrangements with multilateral financial institutions, involving such factors as an agency's performance and market-based competitiveness.

6. However, in many instances the report was found to be of a somewhat general character and to contain a number of shortcomings that substantially diminished the value of the study presented therein. The report had made no mention of some of the existing as well as new efforts carried out by multilateral financial institutions and their executive heads to enhance collaboration between those institutions and other organizations of the United Nations system, nor of the results and lessons stemming therefrom. A number of members of the Administrative Committee on Coordination pointed out that the report did not reflect the pursuit of a systematic approach and covered a rather broad spectrum of aspects of cooperation between United Nations system organizations and multilateral financial institutions. Often limited to more general descriptive statements, it did not provide a solid analytical framework following a clearly established methodology or well-defined scope for the study. The report suffered from lack of definition of the major terms used, such as cooperation, collaboration and coordination; and tended to look at cooperation (without a clear rationale for such a position) as an end in itself rather than as a means for providing improved and more cost-effective assistance to recipient countries.

7. In the view of some ACC members, the report should have elaborated further on the potential of various mechanisms relating to operational activities, like the Consultative Committee on Substantive Questions (Operational Activities) (CCSQ (OPS)), the Joint Consultative Group on Policy (JCGP), country-level round-table meetings, and national cooperation assessment and programmes.

8. Many organizations, while agreeing with the Inspectors' findings that cooperation and coordination between United Nations system organizations and multilateral financial institutions occurred only when there were mutually perceived advantages, expressed their feeling that the report seemed to have a "bank bias", based on the assumption that the United Nations system needed to better coordinate itself with financial institutions, to adjust to market

demands and to adapt its procedures to fit the requirements of those institutions.

9. In the view of the Administrative Committee on Coordination, the heavy emphasis placed upon the lesser issues connected with expanding the role of agencies of the United Nations system in the implementation of the technical assistance components of loans disbursed by multilateral financial institutions seemed misguided, and gave the false impression that the only role of these organizations was to achieve such implementation.

10. Several ACC members regretted that the report had paid too little attention to the more important issue of United Nations system cooperation with the Bretton Woods institutions at the level of policy elaboration. Some ACC members expressed disappointment that their positive experience of collaboration with multilateral financial institutions had not been reflected in the report.

III. COMMENTS ON THE RECOMMENDATIONS

11. The two recommendations of the report were accepted in principle by the Administrative Committee on Coordination. However, in the view of some of its members, the recommendations were of a general nature and did not present new ideas, and many approaches suggested in the recommendations had been overtaken by events.

Recommendation 1

> "Wherever United Nations system organizations desire to enhance cooperative relationships with the multilateral financial institutions, their executive heads and the governing bodies responsible for operational activities for development should make a meaningful commitment to increase the competitiveness of their programmes. To foster creativity, responsiveness, sustained performance improvement, and other elements of a competitive posture, competent authorities should ensure:
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> (a) an adequate allocation of resources;
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> (b) an explicit priority given to deploying personnel to participate in cooperative programmes;
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> (c) a planning effort to identify ways to improve performance, and
>
> (d) a review and evaluation process to measure results accurately and feed findings back into these allocation, deployment and planning processes."

12. In the view of the Administrative Committee on Coordination, this recommendation was too general to be of practical use. While agreeing with its general tone, ACC noted that the suggested actions were not really specific to multilateral financial institutions. The term cooperative programmes mentioned in subparagraph (b) was misleading in view of the recent abrogation of several cooperative programmes that had previously linked some agencies of the United Nations system with World Bank efforts in loan preparation.

Recommendation 2

"If agencies decide to follow the competitive path presented above, the Inspectors also recommend that executive heads and governing bodies sustain this process by including as many as possible of the following topics in their periodic deliberations on technical cooperation activities, concentrating on results achieved, lessons learned, changing circumstances, emerging trends, and proposals for future strategies and initiatives:

(a) significant cooperative actions, programmes, or funding or liaison arrangements with multilateral financial or other development institutions;

(b) organizational reviews to consider operational improvements such as new efficiency measures, streamlined support services, or special task force structures;

(c) significantly improved or new developmental strategies, services, or programmes under way;

(d) new techniques or technologies being successfully applied to enhance development;

(e) possibilities for better employing the advocacy, normative, standard-setting, advisory, analytical and/or research roles of the organization to strengthen its operational activities, with support from other parts of the organization;

(f) most difficult but perhaps most important of all, tightening the focus of the overall programme by identifying and further developing successful services and activities (i.e. what the organization 'does best'), while also eliminating those that are obsolete, irrelevant or unsuccessful."

13. The Administrative Committee on Coordination endorsed the major part of the recommendation. It regretted, however, that the strong focus upon cooperation in the implementation of loan components was not balanced by any recommendation relating to the more important issue of policy-level collaboration. Many organizations stressed the fact that their executive heads and governing bodies were continually dealing with the topics listed in subparagraph (a) through (f) of the recommendation. At the same time, the Committee commented on subparagraph (e) of the recommendation, which referred to possibilities for better employing the advocacy, normative and standard-setting roles, among others, of agencies of the United Nations system, as defining a topic on which those organizations, in their periodic deliberations on technical cooperation activities, should place special emphasis as a means of sustaining the process of making themselves more competitive. In its view, the report could have been more balanced by emphasizing, in addition, the responsibility of multilateral financial institutions, particularly those of the United Nations family, for taking more fully into account, in the context of their work, the international standards and norms of the concerned United Nations agencies at both policy and operational levels, through more effective dialogue and cooperation.